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Written Testimony

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Natural resources, primarily oil and gas are the lifeblood of the state of Wyoming and the Nation.

The service/supply companies are the backbone of the oil and gas industry. There are over 100 companies located in southwest Wyoming, representing thousands of employees that receive high-end wages. In light of the fact that a single paycheck changes hands 7 times throughout a community, literally every faction of our society and economy is affected by the extraction and production of natural resources.

As one of the major service companies in southwest Wyoming, Halliburton Energy Services (HES) currently maintains a workforce of 480 employees, operating 250 tractor-trailer combinations and 120 light vehicles. Due to a downturn in activity in the mid 90's this same company reduced its workforce to 75 employees and considered closing their doors in Rock Springs. When you consider that their annual payroll exceeds \$18M – the impacts to a small western community are irretrievable.

Currently, HES is anticipating two major projects, Desolation Flats and Jonah Infill, will complete the NEPA process in a timely manner. The only way that the service/supply sector of oil & gas can effectively contribute to a continuous and adequate supply of natural gas is through uninterrupted exploration and production.

A project the size of Desolation Flats (385 wells) would generate approximately 200 million dollars in revenue to a service company like Halliburton. This figure does not include the dirt work for locations, drilling rigs, pipelines, etc. Sales tax on this amount would be approximately 11 million dollars.

Jonah Infill Project (1,250 wells) would generate approximately 550 million in service company revenue. This also does not include dirt work for locations, drilling rigs, pipelines, etc. Sales tax on this amount would be approximately 30.2 million dollars.

Many service/supply companies have felt the devastation of the boom and bust cycles of oil & gas development. The long-term effects to local businesses, schools, available work force, etc are possibly the most serious cumulative impact that should be addressed during the process of environmental studies. Down turn and prolonged interruption of production causes serious impact to the workforce – thousands of former oil and gas employees have left the industry to seek more stable employment elsewhere. Consequently, we are seeing many out-of-state workers coming into Wyoming to work a rotation and going back home to Texas, Oklahoma or other areas and are not moving their families to Wyoming. We have witnessed the loss of 2,000 school children over the passed 10 years and have seen the closure of 8 elementary schools in Sweetwater County.

Just as rural America has suffered the total devastation of small communities that were dependent on timber harvest and sawmills, we too depend on guaranteed, uninterrupted production to ensure the stability and general health, safety and welfare of our Wyoming citizens. Without assurance that exploration and production will continue through timely and consistent permitting, we lose the confidence of investors that provide the capital for the takeaway infrastructure. A disruption in supply and demand causes a domino effect that ripples from the service company to the grocery store, to the gas station, to the hospital, to municipalities and local governments, etc. etc.

From the 1999 land management report submitted by GAO, I quote the following statement, "In carrying out its mission, BLM aims to provide the public with a wide variety of products and services including healthy productive lands; opportunities for a variety of commercial activities such as sales of materials, timber, or

leasing mineral rights; opportunities for recreation and leisure activities; the preservation of significant cultural and natural features; the provision of land resource and title information; and the protection of public health, safety and natural resources.”

I submit to you that it should be the role of BLM and all federal agencies to provide integrated local leadership in partnership with stakeholders of the region. The oil & gas industry has proven time and time again that any and all concerns can be and have been mitigated to the point of the extreme. Industry is held to extremely high environmental standards as pertains to air, water, wildlife and habitat. The entire economy of Wyoming, and in fact America, is dependent on a firm commitment from federal agencies that common sense and fairness will once again take precedence over conflict and unsubstantiated hyperbole and rhetoric. I.e. - Drilling delays administered without proper scientific and factual evidence, “I thought I saw a mountain plover, and if I did, it was probably nesting”, has got to stop. (Statement made by BLM personnel)

There have been numerous complaints among industry personnel that agency staff is using arbitrary and erratic standards during permitting and generally throughout the course of the entire drilling process. It would be beneficial to industry if BLM personnel would communicate and cooperate with industry experts concerning proper operating standards. It is extremely difficult to manage drilling operations when agency personnel change methods of operation because of personal preference. E.g.: Onshore order #2 setting minimum standards for Plug and Abandonment of Oil and Gas wells it does not clearly define cement type (class G, H, A, etc.) weight or yield, yet the Pinedale office will accept one slurry, the Kemmerer office another and the Rawlins office another. I think if the BLM would use the industry standard, API testing procedures for oil well cementing, a lot of confusion could be eliminated.

In summary there is a simple equation operating here: The citizens of the USA demand energy, Wyoming has numerous forms of energy reserves, Wyoming also has people who are willing to risk their capital and devote their own working energy to responsibly meet the national demand. Leadership and cooperation from federal agencies, based upon fairness and facts are urgently needed to respond to this demand. We, the service men and women for this industry are ready, willing and able. We urge the Congress to assist and encourage the federal agencies.